

Company's Registered Number: 07430903
Charity registration number: 1140719

THE LEGATUM INSTITUTE FOUNDATION

**Trustees' Annual Report
and financial statements
for the year ended**

31 December 2017



THE LEGATUM INSTITUTE FOUNDATION

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THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES AND ADVISERS

Trustees

Toby Oliver James Baxendale
Richard Henry Briance
Alan James McCormick
Robert Charles Vickers
Philippa Claire Stroud
Richard Parry

Senior management personnel

Philippa Stroud, Chief Executive Officer
Stephen Brien, Director of Policy
Nathan Gamester, Chief Operating Officer
Alastair Masser, Director of Communications

Registered and principal office

11 Charles Street
London
W1J 5DW

Websites and social media

www.li.com
www.prosperity.com
twitter: @LegatumInst
Facebook: LegatumInst
LinkedIn: Legatum Institute
YouTube: TheLegatumInstitute

Bankers

Metro Bank plc
120 Cheapside
London
EC2V 7JB

Auditor

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
25 Moorgate
London
EC2R 6AY

Solicitors

Bates Wells Braithwaite LLP
10 Queen St Place
London
EC4R 1BE

Status

The charity is a company limited by guarantee and incorporated and registered as a charity in England and Wales
Company's Registered Number: 07430903
Charity registration number: 1140719

THE LEGATUM INSTITUTE FOUNDATION

CHAIR'S REPORT

The Legatum Institute Foundation (the “Institute”) approached 2017 with hope and excitement. This year marked the first full 12 months of our CEO Baroness Stroud, who’s leadership brought a refining and strengthening of the Institute’s vision. The Institute exists to identify and create the pathways that lead from poverty to prosperity. This ambition runs through all of our research work as we seek practical solutions to the major challenges of our generation.

At the end of 2016, the Institute undertook a restructuring process that saw some of the Institute’s scholars and research programmes transition out of the Institute and into new organisations. In 2017, therefore, our focus was on strengthening our existing team while developing new areas of research.

Within our Centre for Metrics we continued to explore how prosperity is forming and changing around the world, culminating in the publication of our eleventh annual Prosperity Index, which launched in November. Our Trade programme continued its focus on global trade, publishing several reports outlining ideas to minimise the disruptions to global trade.

In addition to this existing work, we developed a new research programme covering the issue of migration, refugees and trafficking in which we seek to provide accurate information and creative thinking to assist governments and other actors working on this issue. We also developed a programme examining Populism in countries such as France, the Netherlands and the UK.

During 2017, the Institute held 46 events, many of which we hosted at our offices in London while others were hosted externally, including the launch of our Prosperity Index, which we held at the magnificent Tate Britain gallery. We also attended both the Conservative and Labour Party Conferences where we hosted events and networked with people from across the political spectrum.

Over 5,000 people attended our events in 2017 to hear about our research, learn about our new programmes, and network among our guests. Speakers at these events included, among others: Mrs Inonge Wina, the Vice-President of the Republic of Zambia; Mervyn King, the former Governor of the Bank of England; David Brooks, the author and New York Times columnist; Charles Moore, the former editor of the Daily Telegraph and the Spectator magazine; Sir Peter Bazalgette the former chair of the Arts Council; Prue Leith CBE; George Freeman MP; Lord Glasman; Jeremy Vine; Rabbi Lord Sacks; Sir Oliver Letwin MP; Professor Niall Ferguson; and Boris Johnson MP.

During the year, the Institute published 17 reports, including the heavily-cited *Public Opinion in the post-Brexit era: Economic Attitudes in Modern Britain*, which included new polling data showing that UK citizens favour public ownership of the UK’s railways, electricity, and gas sectors. We also published our first Central and Eastern European Prosperity Report as well as the well-received *More Good Homes: The Urgent National Mission for Britain*, which summarised the relationship between the state of housing in the UK and Britain's economic and social order. The Institute published reports on global trade with the Legatum Special Trade Commission, providing options for Britain’s trade framework post-Brexit which attracted widespread interest and media coverage.

The Institute continued to grow its digital and media presence throughout the year. Representatives of the Institute were published in mainstream UK newspapers including The Times and The Telegraph, and participated in discussions on BBC Newsnight, BBC Question Time, CNN and Bloomberg.

The Institute’s website received over 460,000 views during the year, with the majority of traffic originating from the United States and the United Kingdom. Nearly 90% of these views came from new visitors. In 2017, the Institute had about 3 million views of its Twitter content. The Institute’s profile had over 105,000 visits, almost 6,000 mentions and an average of over 600 retweets each month. The Institute increased its Twitter following by more than 2,700 over the course of the year.

THE LEGATUM INSTITUTE FOUNDATION

CHAIR'S REPORT (continued)

The Institute's long-term fundraising strategy is to increase our external fundraising, so that it matches (and ultimately exceeds) the level of funding received from our current lead sponsor, Legatum Foundation Limited. In 2017, we made great progress towards this goal: in addition to donations received from Legatum Foundation Limited, the Institute raised £930k from 42 separate donors covering a mix of individuals, businesses and trusts.

In 2018, we will continue to advance our mission of helping people to move from poverty to prosperity, evolving and developing our current programmes while also tackling new challenges. None of this would be possible without our hard-working staff and our growing community of supporters and donors.

I would like to end by expressing my gratitude to everyone who has supported us during the year. The Legatum Institute Foundation is pursuing an ambitious objective to see prosperity extended around the world and poverty diminished. We depend on the encouragement, ideas and friendship that so many provide, which is both inspiring and humbling. Thank you for being on this journey with us; we are only at the beginning and I look forward to travelling with you for many more years to come.

A J McCormick – Chair

THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES' ANNUAL REPORT

The Trustees are pleased to present their annual report together with the financial statements of The Legatum Institute Foundation (the “Institute”) for the year ending 31 December 2017.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Institute’s Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

OUR PURPOSES AND ACTIVITIES

The Institute’s Objects, as set out in its Articles of Association, are to advance the education of the public in national and international political, social and economic policy, including the promotion of research in any of those areas and the publication of the useful results of such research.

As an international think tank and educational charity, the Institute’s overall strategy is to:

- undertake research covering national and international political, social and economic policy;
- disseminate the results of that research for educational purposes, so as to promote prosperity throughout the world.

This strategy will continue into 2018 and beyond, with the Institute bringing in additional programmatic work to extend its educational reach to greater audiences around the world.

In 2017, the Institute ran dedicated research programmes, including Centre for Metrics, Trade, Global People Movements, Cultural Transformation, The Country We Want To Be, Effective Government and Populism.

These programmes covered the areas of economics and growth, the political and economic development of countries, governance structures, entrepreneurship, society and wellbeing. Through these programmes, the Institute seeks to understand what drives and restrains national success and individual flourishing.

By holding events that are open to the public and publishing reports and educational material which are freely available on its website, the Institute reaches a diverse, global audience.

As part of its activities during the year, the Institute also published the Legatum Prosperity Index™ in November. The Index assesses a wide range of indicators across several pillars such as education, health, social capital, entrepreneurship and personal freedom to rank 149 countries. Published annually, the Index has become an essential tool for governments, opinion-shapers and influencers around the world.

The Institute is based in Mayfair, London. Its lead sponsor during the year was Legatum Foundation Limited.

The Institute fulfils its educational purpose by making available the results of our research to the public – all research reports are freely available at www.li.com and www.prosperity.com. In addition, the Institute runs a range of events throughout the year to promote its research findings. These findings are widely cited in the media, adding to the public’s knowledge of the factors which enhance and sustain prosperity.

The Trustees use a variety of criteria in order to assess the success of the Institute, including:

- Research
 - The number of research projects successfully undertaken
 - The number of research reports published

THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES' ANNUAL REPORT (continued)

- Education
 - The extent to which the research outcomes are cited in the media
 - The number of downloads of the research reports
 - The number of events and the attendance at the events
- Other
 - The extent to which the research findings are used by governments to assist in formulating policies

The Trustees consider that the wider impact of the Institute's activities will be a general expansion of knowledge of the factors which promote and sustain prosperity. The Trustees expect that this in turn will ultimately lead to greater prosperity for all, particularly for those suffering in countries with current low levels of prosperity. The Trustees will continue to review how the Institute's impact is measured to ensure it is tracked and monitored effectively.

ACHIEVEMENTS AND PERFORMANCE

The Institute's flagship research project, the annual *Legatum Prosperity Index*TM, celebrated its eleventh year of publication when it was launched in November 2017. In addition, the Institute published several reports on the issue of global trade, which sought to examine the relationship between trade and prosperity. Other highlights are listed below.

Publications

The Institute published 17 reports in 2017. The 2017 Legatum Prosperity IndexTM was launched by our CEO Baroness Stroud and Director of Policy Dr Stephen Brien at Tate Britain in London. Other reports included *Public Opinion in the post-Brexit era: Economic Attitudes in Modern Britain*, a wide-ranging report based on new polling data commissioned by the Institute; our first *Central and European Prosperity Report*; and *More Good Homes: The Urgent National Mission for Britain*, which called for a review of the UK's current over-stretched housing situation.

Events

The Institute held 46 events during 2017, attended by more than 5,000 guests. Highlights included the launch of the *Road to Character* series with author and columnist David Brooks; a lecture on ethical business with Prue Leith CBE; an optimist's review of the economy from Mervyn King; our fourth annual Summer Party; and the launch of the 2017 Prosperity Index at the Tate Britain.

Media

The Institute received a high level of media coverage for the launch of the 2017 Legatum Prosperity IndexTM, including coverage in publications such as The Financial Times, CNN, The Daily Mail, The Huffington Post, The New Zealand Herald, The Independent and Business Insider, among many others.

The Institute or its spokespeople were regularly cited by, writing for or broadcasting via media outlets such as BBC Newsnight, BBC Question Time, Sky News, The Times, The Washington Post, CNN and Bloomberg.

Our report entitled *Public Opinion in the post-Brexit era: Economic Attitudes in Modern Britain* was referenced and reviewed across the British media, with commentary in The Observer, The Sunday Times, The New Statesman and The Spectator magazine.

Towards the end of 2017, the Charity Commission opened a case on the Institute that sought to examine whether the work of the Institute was conducted in accordance with its educational objects and independently of political views. Of particular interest was a report published by the Institute in November, and whether the report might risk being perceived to promote a particular political view.

THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES' ANNUAL REPORT (continued)

The Institute answered a range of questions from the Commission and in June 2018, the Commission closed its case after concluding that the Institute is independent, that it engages with a variety of people across the political spectrum, that the Institute's trustees are aware of their responsibilities and that the subject of the report was a legitimate area of study for the charity. The Commission did conclude that one aspect of the report's content, relating to free trade, may be seen as promoting a political view. The case report from the Charity Commission is available on the Commission's website.

FINANCIAL REVIEW

The Institute had funds of £934k as at 31 December 2017, and net current assets of £595k. As detailed below, the Institute receives on-going support from Legatum Foundation Limited, and the Institute is therefore able to meet its obligations as and when they fall due.

The principal sources of income were donations of £2,452k and income from the provision of charitable activities of £1,042k. Sundry trading income was £8k, giving total income of £3,502k for the year.

Fundraising

The Institute's external fundraising activities are aimed at a combination of trusts and foundations, private individuals and corporates. The Institute's fundraising is not targeted towards the public in general. Our approach to fundraising is to seek out those who share a common interest in our areas of research, and to explore ways they can partner with us. During 2017, the Institute employed two staff members to fundraise and also retained the services of a small external fundraising consultancy, which shares the same fundraising approach as the Institute.

The Institute has not subscribed to any bodies that promote fundraising standards, but the Trustees have reviewed the aims of the UK Fundraising Regulator and will keep under review the potential membership of that body. The Institute has not received any complaints about its fundraising activities or of the activities of any person acting on behalf of the Institute.

Going concern

The Institute's activities are currently funded from income received from Legatum Foundation Limited as well as a variety of external funders. Legatum Foundation Limited has confirmed its support for the Institute until the end of December 2019 and so the Trustees consider the Institute to be a going concern. Additional income of £938k has been generated during 2018, which will grow and add alternative income streams into the business.

Reserves Policy

Due to the on-going financial support of Legatum Foundation Limited, the Institute has no current requirement for reserves. As at the year-end, the Institute had positive free reserves of £399k (2016 – £348k).

Financial risks and uncertainties

The most significant financial risk and uncertainty relates to the continuation of funding after December 2019. The Trustees will liaise closely with Legatum Foundation Limited to ensure that they are informed as to the likely future funding and so that they can take appropriate action.

The Trustees note that the Legatum Prosperity Index™ has been funded and published for the last eleven years, and they anticipate that it will continue to be funded beyond December 2019.

THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES' ANNUAL REPORT (continued)

The Institute's main risks arising from its financial instruments relate to liquidity risks and the Institute liaises closely with its current principal funder, Legatum Foundation Limited, to manage its cash flows. The Institute has no specific policies regarding financial instrument risk management.

GOVERNANCE AND MANAGEMENT

The Institute is governed by its Trustees who, during the year and subsequently, were as follows:

Toby Oliver James Baxendale

Richard Henry Briance

Alan James McCormick

Jane Marie Siebels

(resigned 31 July 2018)

Robert Charles Vickers

Philippa Claire Stroud

Simon Edward Brocklebank-Fowler

(resigned 15 February 2018)

Richard Parry

(appointed 5 July 2018)

The Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit. The current trustees are already familiar with the practical work of the Institute. New trustees are sought from the fields of entrepreneurship, philanthropy, law, academia and business. Any new trustee is presented with a comprehensive induction pack, and has the opportunity to discuss their role with a current trustee as well as meet senior staff members and researchers.

The Trustees confirm that they have reviewed the risks that the Institute faces and taken appropriate steps to implement processes to manage those risks.

In the case of each person who was a Trustee at the time this report was approved:

- so far as that Trustee was aware, there was no relevant audit information of which the Institute's auditors were unaware; and
- that Trustee had taken all steps that he/she ought to have taken as a trustee to make himself or herself aware of any relevant audit information and to establish that the Institute's auditors were aware of that information.

The Trustees are responsible for overseeing the overall strategy of the Institute and for ensuring the Executive team delivers that strategy. As part of these responsibilities, the Trustees approve the allocation of resources to the Institute's various programmes.

During the year, the Institute was managed on a day-to-day basis by a Chief Executive Officer. The Institute was supported by a senior team including the Director of Policy, the Director of Communications and the Chief Operating Officer. This wider team oversees the Institute's various programmes and activities. The Chief Executive Officer's remuneration was reviewed by the Trustees, using criteria that included the achievement of the Institute's strategy and business plans, market data and the outcome of an appraisal review.

Details of the Institute's related parties are set out in the financial statements. The members of the Institute have the power to appoint and dismiss trustees.

THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES' ANNUAL REPORT (continued)

PLANS FOR FUTURE PERIODS

The Institute will continue with its current strategy, as set out above. Specific plans for the coming year include:

- Celebrating the twelfth year of the Legatum Prosperity Index™
- The launch of the first report of the Social Metrics Commission
- The launch of the Global Index for Economic Openness
- The first publication of the 21st Century International Development programme
- The first publications from the Global People Movement and Effective Government programmes.

Approved by and signed on behalf of the Trustees

 24/09/2018
A J McCormick – Trustee

THE LEGATUM INSTITUTE FOUNDATION

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of the company for the purposes of applicable company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure, of the company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEGATUM INSTITUTE FOUNDATION

Opinion

We have audited the financial statements of The Legatum Institute Foundation for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Chair's Report and the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEGATUM INSTITUTE FOUNDATION (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report incorporates the Directors' Report for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which is incorporated within the Trustees' Annual Report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report incorporated within the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the Trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEGATUM INSTITUTE
FOUNDATION (CONTINUED)****Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Andrew Bond

Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Date: 28/9/18

25 Moorgate
London
EC2R 6AY

THE LEGATUM INSTITUTE FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the income and expenditure account)
for the year ended 31 December 2017

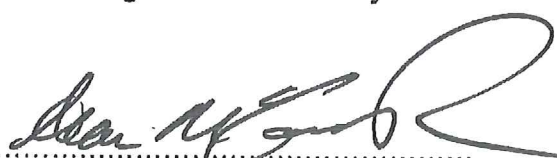
		2017			2016		
	Notes	Un- restricted funds £	Restricted funds £	Total £	Un- restricted funds £	Restricted funds £	Total £
Income and endowments from:							
Donations	4	1,781,371	670,356	2,451,727	3,033,004	155,502	3,188,506
Charitable activities	5	94,148	948,732	1,042,880	84,992	1,098,781	1,183,773
Other trading activities		7,509	-	7,509	25,800	-	25,800
Total		1,883,028	1,619,088	3,502,116	3,143,796	1,254,283	4,398,079
Expenditure on:							
Raising funds	6	69,034	57,353	126,387	8,444	-	8,444
Charitable activities	7	1,803,205	1,419,235	3,222,440	3,135,135	1,213,783	4,348,918
Total		1,872,239	1,476,588	3,348,827	3,143,579	1,213,783	4,357,362
Net income and net movement in funds		10,789	142,500	153,289	217	40,500	40,717
Total funds brought forward		740,212	40,500	780,712	739,995	-	739,995
Total funds carried forward		751,001	183,000	934,001	740,212	40,500	780,712

THE LEGATUM INSTITUTE FOUNDATION

STATEMENT OF FINANCIAL POSITION as at 31 December 2017

	Notes	2017 £	2016 £
Fixed assets			
Property, plant and equipment	12	352,257	392,504
Investments in subsidiaries	13	1	1
		<hr/>	<hr/>
		352,258	392,505
		<hr/>	<hr/>
Current assets			
Debtors	14	148,942	82,534
Cash at bank and in hand		848,083	881,183
		<hr/>	<hr/>
		997,025	963,717
Creditors: amounts falling due within one year	15	(402,502)	(563,264)
		<hr/>	<hr/>
		594,523	400,453
		<hr/>	<hr/>
Total assets less current liabilities		946,781	792,958
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	15	(12,780)	(12,246)
		<hr/>	<hr/>
Net assets		934,001	780,712
		<hr/>	<hr/>
Funds	17		
Restricted funds		183,000	40,500
Unrestricted funds		751,001	740,212
		<hr/>	<hr/>
		934,001	780,712
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Trustees on and were signed on their behalf by:



 A J McCormick – Trustee

24/09/2018

Company number: 07430903

THE LEGATUM INSTITUTE FOUNDATION

STATEMENT OF CASH FLOWS for the year ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows used in operating activities			
Net cash flow provided by operating activities	18	(8,728)	415,997
Cash flows from investing activities			
Purchase of property, plant and equipment		(24,372)	(60,370)
Change in cash and cash equivalents in the year		(33,100)	355,627
Cash and cash equivalents as at beginning of the year		881,183	525,556
Cash and cash equivalents as at end of the year		848,083	881,183
Analysis of cash and cash equivalents			
Cash at bank and in hand		848,083	881,183

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1 Status of the Institute

The Legatum Institute Foundation (the “Institute”) is a company limited by guarantee and is incorporated, and registered as a charity, in England and Wales. Its registered office address is 11 Charles Street, London, W1J 5DW.

In the event of the Institute being wound up, the liability in respect of the guarantee is limited to £1 per member.

2 Accounting policies

The principal accounting policies are summarised below.

Basis of preparation

These financial statements are prepared in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”) and with the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102 issued in 2014 and updated in 2017. The financial statements are also prepared in accordance with the Companies Act 2006 and the Charities Act 2011.

The Institute is a public benefit entity, as defined by FRS 102.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the Institute’s accounting policies.

Non-consolidation

The Institute is exempt from preparing consolidated financial statements because the consolidated financial statements would not be materially different from the entity financial statements. Accordingly, these financial statements present information about the Institute as an entity.

Going concern

The Trustees have prepared the financial statements using the going concern basis.

Over half of the Institute’s income is derived from Legatum Foundation Limited (see notes 4, 5, 21 and 22), either in the form of sponsorship income or donations. The sponsorship income is paid in accordance with an enduring contract; however this contract can be terminated by either party by giving three months’ notice. The Institute has no contractual right to the donations, although Legatum Foundation Limited has pledged to continue to provide funding for 2018 and 2019.

The Trustees are confident that Legatum Foundation Limited will continue to provide sufficient funds to the Institute to enable it to continue its activities for the foreseeable future and for this reason they have adopted the going concern basis for the preparation of the financial statements.

Revenue

Revenue from exchange contracts is measured at the fair value of the right to consideration and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT.

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

2 Accounting policies (continued)

Sponsorship income is recognised as the services are provided, based on the Trustees' best estimate of progress against the relevant contract and amounts which will ultimately become due under the contract.

Fundraising trading income is recognised as the services are provided.

Income from non-exchange transactions are recognised when the Institute has entitlement to the income, when the income can be reliably measured and when it is more probable than not that the Institute will receive the income. Specifically, donations are included in the financial statements when received or, in the case of donations from Legatum Foundation Limited, when the Institute is notified of them.

To the extent that they are material, any donated services are recognised at their estimated value to the Institute.

Expenses

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the Institute in the delivery of its charitable activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Indirect costs are apportioned to charitable activities and other activities based on the estimated proportion of time incurred by support staff in supporting the various activities.

Foreign currencies

Transactions denominated in a foreign currency are translated into Sterling at the rate of exchange ruling at the date of the transaction. At the Statement of Financial Position date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the income and expenditure account.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. At the Statement of Financial Position date, all leases are classified as operating leases.

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Employee benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Statement of Financial Position. Redundancy and similar costs are recognised when the relevant employees have been informed that a redundancy programme has commenced.

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

2 Accounting policies (continued)

Pension scheme

The Institute operates a defined contribution plan. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of Financial Position. The assets of the plan are held separately from the Institute in independently administered funds.

Fund accounting

Incoming resources from non-exchange transactions are categorised as restricted when the counter-party imposes restrictions as to the use of the funds. Any interest earned on restricted funds is also categorised as restricted income. All other incoming resources are categorised as unrestricted.

Direct and indirect expenditure relating to restricted income is categorised as restricted expenditure to the extent that it is covered by available restricted funds; any excess expenditure is classified as unrestricted. Any direct costs associated with gaining restricted fundraising income are treated as restricted only to the extent that the costs are directly related to the associated income. All other fundraising costs are classed as unrestricted.

Property, plant and equipment

Depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated useful lives of the assets concerned. The following annual rates are used on a straight line basis:

Leasehold improvements	-	Shorter of lease term or useful life
Computer equipment	-	33% (3 years)

Impairment of non-financial assets

At each Statement of Financial Position date, tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest relevant levels; for assets used for charitable purposes, the levels are considered by reference to separately identifiable charitable activities; for those assets used for fundraising trading purposes, the levels used are those for which there are separately identifiable cash flows. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Financial Activities.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Institute becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Institute will not be able to collect all amounts due.

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

2 Accounting policies (continued)

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Institute's cash management.

Other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable, which is ordinarily equal to the proceeds received. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Taxation

The Institute is exempt from tax on its activities provided that the surpluses are used for charitable activities. Therefore no provision for direct or deferred tax arises.

3 Key judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported amounts of revenues and expenses during the reporting period.

Judgements

The most significant judgement made by the Trustees in preparing the financial statements relates to the use of the going concern basis for the preparation of the financial statements, as described in note 2.

Other judgements relate to the basis on which support costs are allocated to the various activities of the Institute (note 8).

Estimation uncertainty

The only significant sources of estimation uncertainty relates to the expected useful economic life of the property, plant and equipment, and the method by which support costs are apportioned to charitable and other activities. The useful economic lives of property, plant and equipment are detailed above. Support costs are apportioned on the estimated time that relevant staff spend supporting on each charitable and other activity; this is estimated based on the direct expenditure for each activity.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

	2017	2016
	£	£
Unrestricted:		
Legatum Foundation Limited	1,745,477	2,979,879
Other	35,894	53,125
	<hr/>	<hr/>
	1,781,371	3,033,004
	<hr/>	<hr/>
Restricted:		
Legatum Foundation Limited	-	-
Other	670,356	155,502
	<hr/>	<hr/>
	670,356	155,502
	<hr/>	<hr/>
	2,451,727	3,188,506

	Cultural Transformation	Centre for Metrics	Trade	Political Change	Other	Total
	£	£	£	£	£	£
Year ended 31 December 2017	40,000	16,722	486,769	5,118	121,747	670,356
	Cultural Transformation	Centre for Metrics	Trade	Transitions Forum	Culture of Prosperity	Total
Year ended 31 December 2016	25,000	40,502	70,000	-	20,000	155,502

For 2017, Other comprises Effective Government, People Movement and The Country We Want To Be, which, together with Populism, are new programmes. Transitions Forum and Culture of Prosperity ceased in the prior year.

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

5 Income from charitable activities

	Cultural Transfor- mation	Centre for Metrics	Trade	Populism	Other	Total
Year ended 31 December 2017	£	£	£	£		£
Restricted income	154,032	459,050	225,100	109,950	600	948,732
Unrestricted income						94,148
						1,042,880

	Cultural Transfor- mation	Centre for Metrics	Trade	Transitions Forum	Culture of Prosperity	Total
Year ended 31 December 2016	£	£	£	£	£	£
Restricted income	86,767	432,068	218,932	285,008	76,006	1,098,781
Unrestricted income						84,992
						1,183,773

The income from charitable activities primarily relates to amounts paid by Legatum Foundation Limited for undertaking various programmes of work (2017 - £818,132; 2016 - £954,821).

6 Analysis of expenditure on fundraising activities

Year ended 31 December 2017	Direct costs	Support costs	Total
Costs of raising voluntary income:			
Professional fees	57,353	-	57,353
Staff costs	-	69,034	69,034
Total	57,353	69,034	126,387

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

6 Analysis of expenditure on fundraising activities (continued)

Year ended 31 December 2016	Direct costs	Support costs	Total
Costs of fundraising trading activities			
Staff costs	-	8,444	8,444

7 Analysis of expenditure on charitable activities

Year ended 31 December 2017	Cultural Transformation	Centre for Metrics	Trade	Populism	Other	Total
Staff costs	90,439	180,449	301,776	82,422	104,614	759,700
Travel and entertainment	1,995	6,939	107,446	-	649	117,029
Office overheads	-	-	2,970	-	-	2,970
Stationary, postage and publications	2,004	25,848	27,061	3,539	146	58,598
IT and communications	43	143,389	639	-	-	144,071
Advertising, events and conferences	44,070	66,569	18,610	2,264	617	132,130
Professional fees	17,356	95,910	61,019	27,400	59,600	261,285
Recovered VAT	(540)	(46,058)	(14,804)	(4,018)	-	(65,420)
Total direct costs	155,367	473,046	504,717	111,607	165,626	1,410,363
Allocated support costs (note 8)	193,829	640,296	630,824	139,204	207,924	1,812,077
Total	349,196	1,113,342	1,135,541	250,811	373,550	3,222,440

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

7 Analysis of expenditure on charitable activities (continued)

Year ended 31 December 2016	Cultural Transfor- mation £	Centre for Metrics £	Trade £	Transitions Forum £	Culture of Prosperity £	Total £
Staff costs	138,982	252,523	118,049	535,233	86,787	1,131,574
Travel and entertainment	3,069	28,215	10,225	36,612	3,098	81,219
Office overheads	-	7,059	-	-	-	7,059
Stationary, postage and publications	2,820	32,701	16,185	7,431	4,354	63,491
IT and communications	-	94,958	-	262	162	95,382
Advertising, events and conferences	4,589	30,342	9,322	6,603	9,702	60,558
Professional fees	29,614	51,481	111,766	153,855	126,519	473,235
Recovered VAT	(2,430)	(27,482)	(18,130)	10,033	(13,653)	(51,662)
Total direct costs	176,644	469,797	247,417	750,029	216,969	1,860,856
Allocated support costs (note 8)	225,357	667,070	315,650	1,003,182	276,803	2,488,062
Total	402,001	1,136,867	563,067	1,753,211	493,772	4,348,918

8 Support costs

Support costs are allocated as follows:

	2017 £	2016 £
Raising funds	69,034	8,444
Culture of Prosperity	-	276,803
Transitions Forum	-	1,003,182
Cultural Transformation	193,829	225,357
Populism	139,204	-
Centre for Metrics	640,296	667,070
Trade	630,824	315,650
Other	207,924	-
Charitable activities	1,812,077	2,488,062
Total	1,881,111	2,496,506

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

8 Support costs (continued)

Support costs apportioned to raising funds are based on the direct costs relating to the estimated time spent by the relevant staff on the trading activities, plus a corresponding proportion of other support costs incurred. The remaining support costs have been apportioned to the charitable activities in proportion to the direct costs.

Year ended 31 December 2017	Communi- cations and Marketing £	Centre and Operations £	Gover- nance £	Total £
Staff costs	274,305	494,400	-	768,705
Travel and entertainment	6,244	10,930	-	17,174
Office overheads	3,096	613,250	-	616,346
Repairs and maintenance	-	49,367	-	49,367
Stationary, postage and publications	35,674	4,626	-	40,300
IT and communications	16,681	92,431	-	109,112
Advertising, events and conferences	31,747	19,929	-	51,676
Professional fees	21,546	80,826	-	102,372
Depreciation	-	64,619	-	64,619
Governance (note 9)	-	-	82,339	82,339
Recovered VAT	(2,863)	(18,036)	-	(20,899)
Total	386,430	1,412,342	82,339	1,881,111

Year ended 31 December 2016	Communi- cations and Marketing £	Centre and Operations £	Gover- nance £	Total £
Staff costs	308,180	824,879	-	1,133,059
Travel and entertainment	8,800	20,390	-	29,190
Office overheads	4,852	645,079	-	649,931
Repairs and maintenance	-	80,189	-	80,189
Stationary, postage and publications	28,741	11,257	-	39,998
IT and communications	97	88,426	-	88,523
Advertising, events and conferences	29,862	12,511	-	42,373
Professional fees	81,516	173,781	-	255,297
Depreciation	-	154,326	-	154,326
Governance (note 9)	-	-	55,389	55,389
Recovered VAT	(7,350)	(24,419)	-	(31,769)
Total	454,698	1,986,419	55,389	2,496,506

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

9 Governance costs

	2017	2016
	£	£
Audit fee	11,520	11,125
Legal and professional	70,819	44,264
	<hr/>	<hr/>
Total	82,339	55,389
	<hr/>	<hr/>

10 Employee information

	2017	2016
	£	£
Wages and salaries	1,219,514	1,806,131
Social security costs	144,449	196,465
Pension costs	32,561	2,833
	<hr/>	<hr/>
	1,396,524	2,005,429
	<hr/>	<hr/>

The average number of persons, including directors, employed throughout the year by the Institute was:

	2017 Number	2016 Number
Cultural Transformation	1	-
Centre for Metrics	4	6
Trade	2	1
Other	2	-
Culture of Prosperity	-	3
Fundraising	2	2
Transitions Forum	-	6
Communications and Marketing	2	6
Centre and Operations	4	7
	<hr/>	<hr/>
Total	17	31
	<hr/>	<hr/>

Trustees' remuneration

Philippa Stroud received remuneration of £153,000 (2016: £26,088) and pension contributions of £17,000 (2016: £2,833) in her role as Chief Executive Officer, as approved by the Charity Commission. No other Trustees received any remuneration (2016 – £nil); no Trustees received expenses in the year (2016 – two trustees received travel expenses of £6,395).

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

10 Employee information (continued)

Key management remuneration

Key management are defined as being the Trustees and the Chief Executive Officer. Key management remuneration (which includes national insurance contributions and pension costs) was £189,990 (2016: £234,824).

Redundancy costs

During the year, redundancy costs of £31,999 (2016: £134,018) were incurred and paid by the Institute.

Higher paid employees

The number of staff whose emoluments were in excess of £60,000 per annum was as follows:

	2017	2016
	Number	Number
£70,001 - £80,000	2	-
£80,001 - £90,000	1	2
£90,001 - £100,000	-	1
£110,001 - £120,000	-	2
£150,001 - £160,000	1	-
£180,001 - £190,000	-	1
£190,001 - £200,000	1	-
£200,001 - £210,000	-	1

11 Surplus on ordinary activities is stated after charging / (crediting):

	2017	2016
	£	£
Depreciation	64,619	154,326
Foreign exchange gains	(6,741)	(19,725)
Operating leases – land and buildings	517,917	517,917
Services provided by the company's auditor		
For audit services	11,520	11,125
For other services:		
Accounts preparation	3,190	4,975
Tax advisory work	3,880	4,190
Maintenance of payroll	6,715	5,110

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

12 Property, plant and equipment

	Leasehold improvements	Computer equipment	Total
	£	£	£
Cost			
As at 1 January 2017	669,248	42,378	711,626
Additions	-	24,372	24,372
As at 31 December 2017	669,248	66,750	735,998
Depreciation			
As at 1 January 2017	301,780	17,342	319,122
Charge for the year	49,235	15,384	64,619
As at 31 December 2017	351,015	32,726	383,741
Net book value			
As at 31 December 2017	318,233	34,024	352,257
As at 1 January 2017	367,468	25,036	392,504

13 Investments in subsidiaries

Cost	£
As at 1 January 2017 and 31 December 2017	1

The Institute owns 100% of the issued share capital of LIF Trading Limited, a company incorporated in England and Wales. Its registered address is 11 Charles Street, London, W1J 5DW. The company has not traded since incorporation and has issued share capital of £1.

14 Debtors

	2017	2016
	£	£
Debtors: amounts falling due within one year		
Trade debtors	61,503	27,563
Prepayments and accrued income	64,025	53,926
Other debtors	21,594	-
Amounts owed by group undertakings	1,820	1,045
	148,942	82,534

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

15 Creditors

	2017	2016
	£	£
Creditors: amounts falling due within one year		
Trade creditors	47,481	67,426
Accruals and other creditors	231,987	326,790
Deferred income	65,833	90,208
Other tax and social security	57,201	78,840
	<u>402,502</u>	<u>563,264</u>
Creditors: amounts falling due after more than one year		
Related party loans (note 22)	12,780	12,246
	<u>12,780</u>	<u>12,246</u>

The movement in deferred income in the year was as follows:

	2017	2016
	£	£
As at 1 January 2017	90,208	90,408
Income received and deferred	107,500	136,150
Released to income	(131,875)	(136,350)
	<u>65,833</u>	<u>90,208</u>

Income is deferred as it relates to charitable services which are to be provided over future periods.

16 Financial instruments

	2017	2016
	£	£
Financial assets which are debt instruments measured at amortised cost	<u>63,323</u>	<u>28,608</u>
Financial assets which are equity instruments measured at amortised cost	<u>1</u>	<u>1</u>
Financial liabilities measured at amortised cost	<u>292,248</u>	<u>347,960</u>

There is no income arising or charge to expenditure from holding these financial instruments.

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

17 Funds

	At 1 January 2017 £	Income £	Expend- iture £	At 31 December 2017 £
Restricted funds				
Centre for Metrics	40,500	475,772	509,272	7,000
Trade	-	711,869	589,869	122,000
Populism	-	115,068	115,068	-
Cultural Transformation	-	194,032	156,032	38,000
Other	-	122,347	106,347	16,000
	<hr/>	<hr/>	<hr/>	<hr/>
	40,500	1,619,088	1,476,588	183,000
Unrestricted funds	740,212	1,883,028	1,872,239	751,001
	<hr/>	<hr/>	<hr/>	<hr/>
	780,712	3,502,116	3,348,827	934,001
	<hr/>	<hr/>	<hr/>	<hr/>

The restricted funds relate to the Institute's various programmes, as follows:

- Centre for Metrics – the study of and measurement of countries' success against a broad set of metrics covering areas such as health, education, opportunity, social capital and personal freedom.
- Trade – focused on the key economic drivers of future prosperity and long-term GDP growth.
- Cultural Transformation – serves as a catalyst for 'virtuous action'— not only evaluating, but also designing, programmes that support the most vulnerable people among us, these programmes are promoted to government, charities, the private sector, and the public at large.
- Populism – a research programme that provides analysis and insight into democratic elections across Europe and an assessment of the degree to which trends towards populism are emerging in different countries.
- Other – funds relate to programmes entitled Effective Government and The Country That We Want To Be.

18 Reconciliation of net income to cash flows from operating activities

	2017 £	2016 £
Net income for the year as per the Statement of Financial Activities	153,289	40,717
Adjustments for:		
Depreciation	64,619	154,326
Movement in debtors	(66,408)	86,213
Movement in creditors due within one year	(160,762)	134,741
Movement in creditors due after more than one year	534	-
	<hr/>	<hr/>
	(8,728)	415,997
	<hr/>	<hr/>

THE LEGATUM INSTITUTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

19 Capital commitments

There were no capital commitments as at the year-end (2016 – none).

20 Operating lease commitments

The Institute leases its premises under a non-cancellable operating lease. After the year end, the lease was amended and from 1 July 2018 the rent was reduced to £1 per annum and the total payable under the lease from 1 January 2018 onwards is £282,500.

However, as at 31 December 2017, before the lease amendment, the future minimum lease payments for each of the following periods was as follows:

	2017	2016
	£	£
Within one year	565,000	565,000
Between two and five years	2,260,000	800,417
Greater than five years	2,495,417	-
	<hr/>	<hr/>
	5,320,417	1,365,417
	<hr/>	<hr/>

During the year, the lease was extended to 31 May 2027 with a break date of 1 June 2022; either the landlord or the Institute can exercise the break clause by giving six months' notice.

21 Parent undertakings

The Legatum Institute Foundation (LIF) is a company limited by guarantee and has no parent undertaking. During September 2017, five individuals were appointed as members of LIF and the previous sole member of LIF (Legatum Institute, a company registered in the Cayman Islands (UK registration number FC028686)) resigned. Following the change in LIF's membership, Legatum Institute (the company registered in the Cayman Islands) served no continuing purpose and was liquidated.

22 Related party transactions

Legatum Foundation Limited, a company registered in Bermuda, is controlled by The Legatum Institute Foundation's former ultimate parent undertaking. The Institute received donations and sponsorship income from Legatum Foundation Limited as detailed in the relevant notes to these financial statements. The donations were unrestricted as to their use and otherwise unconditional. As at the year end, the balance due to Legatum Foundation Limited was £12,780 (2016: £12,780). In addition, a US registered charity of the same name as the Institute has four trustees in common with the Institute and raises funds for the Institute. Donations of £126,887 (2016 - £44,127) were received from this US charity and as at the year end, it owed £nil (2016 - £534) to the Institute.

As at the year end, a balance of £1,820 (2016: £1,045) was due from LIF Trading Limited, the Institute's 100% owned subsidiary (see note 14).

The Institute is party to a lease with Basswood Properties Limited, a company registered in the British Virgin Islands. This company is a related party as it is controlled by the Institute's former ultimate parent undertaking. During the year, the rent paid to Basswood Properties was £565,000 (2016: £565,000); as at the year end, there were no amounts outstanding.